

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 NEA-10 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-06 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03

RSC-01 SAM-01 OES-04 SP-02 SS-15 STR-04 TRSE-00

FRB-01 PRS-01 PA-02 USIA-15 ACDA-10 SAJ-01 /137 W

----- 076191

R 011600Z NOV 74

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 8909

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USEC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USOECD PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

UNCLAS SECTION 1 OF 2 OSLO 4872

E.O. 11652: N/A

TAGS: ENRG NO

SUBJ: EXCERPT OF FOREIGN MINISTER'S POLICY STATEMENT TO PARLIAMENT
ON IEP

REF: OSLO 4870

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1. THE TEXT OF THE SECTION OF FOREIGN MINISTER
FRYDENLUND'S FOREIGN POLICY STATEMENT ON NOVEMBER 1 TO
PARLIAMENT DEALING WITH NORWEGIAN PARTICIPATION IN
THE IEP FOLLOWS:

"IN REGARD TO OIL, THERE HAS BEEN SOME DISCUSSION
OF THE EFFECTS ON NORWAY'S POSITION IN TERMS OF
SECURITY POLICY. HERE I WILL CONFINE MYSELF TO REFER
TO THE GOVERNMENT'S CLEAR EMPHASIS ON SECURING
PERMANENT NORWEGIAN LEADERSHIP OF EXPLORATION FOR
AND EXTRACTION OF OIL ON THE NORTHERN SECTORS OF OUR
CONTINENTAL SHELF. NORWEGIAN NATIONAL DIRECTION AND
CONTROL IN THESE AREAS MUST ALSO BE IN THE INTEREST
OF OTHER COUNTRIES.

THE NEW FEATURES IN THE OVERALL PICTURE WILL BE
MORE AT THE LEVEL OF INTERNATIONAL POLITICS AND ECONO-
MICS. AS A PRODUCER COUNTRY WE HAVE A COMMON INTEREST
WITH OTHER PRODUCER COUNTRIES IN EVERYTHING THAT CON-
CERNS THE PROPER MANAGEMENT OF RESOURCES. WITH
RISING OIL PRICES, OUR REVENUES ARE SECURED, BUT A
NORWEGIAN INTEREST OF MUCH GREATER IMPORTANCE IS TO
AVOID A VIOLENT DISRUPTION IN THE INTERNATIONAL
MONETARY SYSTEM AND INCREASING PRESSURE DUE TO INFLA-
TION, WHICH COULD END IN A WIDESPREAD DEPRESSION. BUT
ABOVE ALL WE ARE INTERESTED IN AVOIDING A CONFRONTATION
BETWEEN PRODUCER AND CONSUMER COUNTRIES. IT IS ONLY
THROUGH DIALOGUE AND COOPERATION THAT THE SOLUTION
TO THE WORLD'S ENERGY PROBLEM CAN BE FOUND.

COMMERCIALLY THE NORDIC COUNTRIES AND WEST EUROPE
STAND FORTH AS THE NATURAL MARKET FOR THE GREATER
PART OF THE OIL FROM THE NORTH SEA. HOWEVER, THIS IS
NO IMPEDIMENT TO OUR DEVELOPING NEW TRADE TIES
IN OTHER PARTS OF THE WORKD ON THE BASIS OF THIS
OIL.

IT IS NOT LEAST IN RELATION TO THE POORER DEVELOP-
ING COUNTRIES THAT THE OIL REVENUES WILL COME TO
PLAY AN IMPORTANT PART. THEY WILL MAKE IT EASIER
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FOR US TO FULFILL THE COMMITMENTS WE HAVE ALREADY
UNDERTAKEN. BUT THEY WILL LEAD TO INCREASED RESPON-
SIBILITY AND AN INCREASED DEMAND FOR ASSISTANCE.

AN EVALUATION WHICH WILL BE INFLUENCED BY OUR OIL
SITUATION WILL NOW HAVE TO BE MADE IN RELATION TO THE
PROPOSED INTERNATIONAL ENERGY PROGRAM (IEP), OR ECG
AS IT HAS BEEN CALLED. THIS INTERNATIONAL INNOVATION

MUST BE VIEWED IN THE LIGHT OF THE OIL CRISIS WHICH
THE WORLD EXPERIENCED LAST WINTER - A CRISIS
WHOSE AFTEREFFECTS WILL BE FELT FOR A LONG TIME TO
COME.

IN CONSULTATION WITH THE ORGANS OF THE STORTING,
THE GOVERNMENT HAS DEALT WITH THIS MATTER IN VARIOUS
CONTEXTS.

ORIGINALLY THE QUESTION WAS WHETHER NORWAY SHOULD
TAKE PART IN THE ENERGY CONFERENCE WHICH WAS HELD IN
WASHINGTON IN FEBRUARY OF THIS YEAR BETWEEN TWELVE
OF THE OECD MEMBER COUNTRIES, AND LATER ON WHETHER
WE SHOULD PARTICIPATE IN THE FOLLOW-UP WORK SUB-
SEQUENT TO THE WASHINGTON MEETING. NOW IT IS
A QUESTION OF OUR ATTITUDE TO THE TEXT OF THE
AGREEMENT WHICH HAS BEEN DRAWN UP.

THE AGREEMENT ESTABLISHES AN INTERNATIONAL ENERGY
PROGRAM. THE IMPLEMENTATION OF THE PROGRAM WILL BE
THE RESPONSIBILITY OF A NEW AGENCY -- IT MIGHT EVEN
BE SAID, A NEW INTERNATIONAL ORGANIZATION--WITHIN
THE FRAMEWORK OF THE OECD.

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THE PROGRAM CONTAINS SEVERAL ELEMENTS. THE FIRST IS A PLAN FOR THE ALLOCATION OF OIL BETWEEN THE PARTIES TO THE AGREEMENT IN CASE OF A SHORTFALL SUPPLY. BUT IT ALSO DRAWS UP GUIDELINES FOR A MORE COMPREHENSIVE AND LONG-TERM COOPERATION ON ENERGY-- FOR SAVING OIL, FOR THE MORE EQUITABLE USE OF OIL,
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FOR BETTER INSIGHT INTO THE OPERATIONS OF THE INTERNATIONAL OIL COMPANIES AND FOR THE DEVELOPMENT OF NEW SOURCES OF ENERGY.

FROM THE LETTER WHICH WAS SENT YESTERDAY TO THE CHAIRMAN OF THE SO-CALLED ENERGY COORDINATION GROUP IT IS CLEAR THAT THE GOVERNMENT HAS CONCLUDED THAT NORWAY SHOULD SEEK TO OBTAIN SOME OTHER FORM OF ASSOCIATION WITH THE NEW AGENCY THAN FULL MEMBERSHIP.

THIS STAND IN NO WAY IMPLIES A NEGATIVE ATTITUDE TOWARDS THE PROPOSED ORGANIZATION. THE GOVERNMENT, ON THE CONTRARY, FEELS THAT A CRISIS PROGRAM BETWEEN MAJOR CONSUMER COUNTRIES IS NECESSARY AND WE BELIEVE THAT THE LONG-TERM COOPERATION CAN BE BOTH USEFUL AND POSITIVE.

HOWEVER, AND HERE LIES THE CRUX OF THE MATTER, THE PRESENT TEXT OF THE AGREEMENT FOR THIS INTERNATIONAL ENERGY PROGRAM IS DRAWN UP TO MEET THE NEEDS AND PROBLEMS OF IMPORTING COUNTRIES. AND THE DECISION-MAKING PROCESS THUS PROVIDED FOR TO IMPLEMENT THE EMERGENCY ALLOCATION PLAN IS ALMOST A PREREQUISITE IF THE ARRANGEMENT IS TO HAVE THE DESIRED EFFECT. BUT FOR NORWAY, WHO WILL NOT BE AN IMPORTER BUT AN EXPORTER

OF OIL, THE SITUATION IS DIFFERENT.

OUR OBJECTIVES NATURALLY DO NOT APPLY TO THE
DELIVERY COMMITMENTS PROVIDED FOR UNDER THE AGREEMENT.
IT GOES WITHOUT SAYING, THAT IN THE EVENT OF SERIOUS
SHORTFALLS IN THE SUPPLY OF OIL, WE WILL MAKE ANY
CONTRIBUTION WE CAN TO MITIGATING AND SOLVING THE
CRISIS. IN SUCH A SITUATION WE MUST ALSO BE PREPARED
TO MODERATE OUR DOMESTIC CONSUMPTION OF OIL. BUT IT
WILL BE FOR THE NORWEGIAN GOVERNMENT TO EVALUATE
AND DECIDE THE IMPLEMENTATION OF THE NECESSARY
MEASURES.

ON THIS BASIS THE GOVERNMENT WOULD BE PREPARED,
IN THE FORM OF A BINDING AGREEMENT, TO ARRIVE AT A
PRACTICAL FORM OF COOPERATION WITH THIS NEW ENERGY
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ORGANIZATION AND IT IS PREPARED FOR NORWAY TO
ASSUME SUCH COMMITMENTS AS ARE NECESSARY IN THIS
CONNECTION."
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